

1

2

WILHELMENIA TAYLOR, having previously

3

been sworn, continues testifying

4

under oath as follows:

5

6

CONTINUED DIRECT EXAMINATION BY MR. BARTHOLOMAEI:

7

Q Ms. Taylor, we're going to continue

8

your deposition which abruptly ended last week

9

because I wasn't feeling well and I apologize for

10

that again. I wanted to continue with this

11

document which was previously marked as Taylor

12

Exhibit 1, which is the Proposed Strategy for the

13

Accelerated Payment Plan.

14

I wanted to ask you about a section

15

on page three. Do you need a minute to review

16

this again?

17

A No. You can go ahead.

18

Q This page, looks like it begins to

19

identify some problems. There is a heading that

20

says:

21

"Problem #1: Prospectus,

22

Policyholders and Account Reps Do Not Have a Clear

23

Understanding of the APP Arrangement".

24

What study was done to determine that

25

the prospects policyholders and Account Reps do

1 WILHELMENIA TAYLOR 4

2 not have a clear understanding as to the APP
3 Arrangement?

4 MS. TAYLOR: Objection to form, lack
5 of foundation.

6 A It's my recollection that a study was
7 not necessarily done at Metropolitan Life but we
8 received feedback from members who were working on
9 the APP mechanization process, customer service
10 people, marketing people, people in
11 communications, that they were getting certain
12 questions regarding the APP Arrangement which lead
13 them to believe there may have been some
14 situations where customers either did not remember
15 or did not understand.

16 And we had new representatives that
17 were joining the company and they weren't quite
18 clear sometimes on how the AP Arrangement worked.

19 Q How were the representatives not
20 clear as to how the AP Arrangement worked?

21 MS. TAYLOR: Objection to form.

22 A It's my recollection most of the
23 questions that came in from the reps were
24 representatives who inherited existing customers
25 when they came and joined the company and they

1 WILHELMENIA TAYLOR

2 Talk About AP that was provided to
3 representatives.

4 Q During what time period was this?

5 A I'm not exactly sure about the time
6 period. If we look at the documents I can show
7 you what they were.

8 Q Was that in the '90s?

9 A I believe it was the '90s, I can't
10 exactly be sure.

11 Q When you were just talking about
12 feedback, you said feedback came in and questions
13 came in. What does that exactly mean it came in?
14 Where did they come to?

15 A We had 1-800 numbers at Met.
16 Customers would call the 1-800 number and ask
17 questions. Representatives could call what they
18 then described as their head office, the
19 administrative that did the work that had to be
20 done on the policies. Those were the typical ways
21 inquiries would come.

22 Q How did that information come to you?

23 A I was part of a group that was
24 working on the continued mechanization of the
25 accelerated paid process.

11

1 WILHELMENIA TAYLOR

2 the study find?

3 MS. TAYLOR: The study couldn't find
4 anything either. I don't think she
5 testified there was a study.

6 MR. BARTHOLOMAEI: I'm referring to
7 Exhibit 1, the proposed strategy for the
8 Accelerated Payment Plan.

9 Q The question was, what was it this
10 document found that policyholders did not have an
11 understanding of with respect to the Accelerated
12 Payment Plan?

13 MS. TAYLOR: Objection as to form.

14 A It's my recollection the members from
15 the customer service unit told a group that
16 customers were using the term "paid-up" when they
17 were calling to Request the Accelerated Payment
18 Arrangement. They seemed to be confused that the
19 policy was paid-up versus being on the Accelerated
20 Payment Arrangement.

21 Q What does paid-up mean?

22 A Paid-up means there are no more
23 premiums required on the policy regardless if it's
24 out-of-pocket, paid by the funds in the policy.
25 There is no premiums required to keep the policy

12

1 WILHELMENIA TAYLOR

2 in force.

3 Q Was any investigation done as to if
4 customers had the belief as to their policies
5 being paid-up?

6 MS. TAYLOR: Objection as to form.

7 A I don't believe there was an
8 investigation.

9 Q What was Metropolitan Life's
10 understanding of why customers were coming to form
11 the belief their policies were paid-up?

12 MS. TAYLOR: Objection as to form.

13 A I don't know what Met's belief was.
14 We were just dealing with the information we were
15 having. Customers were using the term "paid-up"
16 in their request for the Accelerated Payment
17 Arrangement, but I don't believe Metropolitan Life
18 had a belief.

19 Q Was any investigation done to
20 determine what information was being given to
21 policyholders or proposed insureds at the time of
22 sale that would lead them to believe their
23 policies would eventually become paid-up?

24 MS. TAYLOR: Objection as to form. I
25 just want to clarify that Ms. Taylor would

13

1 WILHELMENIA TAYLOR

2 not, for instance, know about necessarily
3 any kind of investigation or audit that was
4 done because she's not in the Auditing
5 Department and there could have been
6 something separate from the natural work
7 team that's in documents that she's unaware
8 of.

9 She can answer to the best of her
10 recollection.

11 A I don't know about an investigation
12 being done.

13 Q Let's talk about in this document.
14 On page three again there is a Solution section,
15 says:

16 "We need to better educate customers
17 and Account Representatives about the APP
18 concept."

19 Do you see that?

20 A Yes.

21 Q How was it determined that customers
22 needed to be educated about the APP concept?

23 A Again it's going back to the
24 information that was coming from the members who
25 represented the customer service unit on the team

21

WILHELMENIA TAYLOR

1

2 educating newly hired reps about the APP process."

3 Is that something actually produced
4 or created.

5 A It's my recollection that the
6 Straight Talk about AP was the vehicle that was
7 used to, the Straight Talk about AP as well as the
8 consumer brochure, I believe those were the items

9 that were used to provide a representative with
10 more information about AP. I don't believe it had
11 the words "training manual" on it. I believe it
12 was those items. That's what I recollect.

13 Q On the same page, on page three in
14 the second paragraph under the Solution section.
15 The third sentence says:

16 "We should also consider
17 discontinuing the word "none" in the premium
18 outlay column on the illustration because it
19 fosters the idea the policy is paid-up."

20 Do you see that?

21 A Yes.

22 Q How is that determined that was
23 something that could be a solution to the problem
24 which is identified in the problem number one
25 section?

22

1 WILHEIMENIA TAYLOR

2 MS. TAYLOR: Objection as to form.

3 A From what I can remember, it wasn't
4 necessarily that it was. It wasn't a
5 determination. It was more of an opinion.

6 The illustration was being looked at
7 more or less under a microscope to basically say
8 we're hearing from the customer service reps that
9 customers are using the words "paid-up".

10 If you take a look at the
11 illustration piece by piece and if you looked at
12 it in its entirety, there should be no confusion.
13 But if you looked at it and looked at the words
14 "none," perhaps that's some of the reasons why the
15 customers are using the words "paid-up".

16 In order to try to eliminate that
17 mind set and make sure that it was clear to
18 customers that the policies weren't paid-up, it
19 was an opinion that perhaps if we did not include
20 the words "none" that the customers would be
21 looking at the illustration in a more totality
22 with a proper disclosure with respect to the
23 premium outlay rather than just the words "none".

24 We looked at every piece of the
25 illustration of the disclosure language, we looked

1 WILHELMENIA TAYLOR

2 at the premium at the lay column and said, okay,
3 perhaps that's why they are doing it, they are
4 looking at the premium outlay and not looking at
5 the disclosure language on the bottom.

6 Q I'm not quite sure I understand.
7 What was it about the word "none" that came to
8 lead you to believe that customers were forming a
9 belief that the policies were paid-up?

10 A The only way I can describe it, I
11 looked at the illustration, a group of us, the AP
12 natural work team, myself included.

13 When we looked at the illustration as
14 a whole, there appeared to us there should be no
15 confusion as to how the Accelerated Payment
16 arrangements work if the policy wasn't paid-up.
17 Since we were hearing fed-up customers were
18 calling up and using the term "paid-up," we
19 started looking at each piece of the illustration
20 and said perhaps this word might be causing some
21 confusion.

22 Q Was there a proposed alternative of
23 using the word "none"?

24 A No. It was just an observation and
25 there was no alternative to "none". It was just

1 WILHELMENIA TAYLOR

2 an observation.

3 Q It says here the word "none" fosters
4 the idea that the policy is paid-up. Right?

5 A Yes, that's what it says.

6 Q How is it determined that the word
7 "none" fostered the idea the policy is paid-up?

8 MS. TAYLOR: Objection as to form.

9 Asked and answered.

10 A Again, if you looked at the
11 illustration in its entirety, there should have
12 been no confusion, at least the group didn't
13 belief there should be any confusion as to the how
14 the Accelerated Payment Arrangement work.

15 If you took that out of context and
16 just looked at the word, you might believe there
17 were no premiums due on the policy.

18 Q When you say when the natural work
19 team was looking at the illustration, you thought
20 there should be no confusion about the
21 illustration, who were the members of the natural
22 work team? We may have gone over this before. Is
23 that something you can identify now?

24 A There is a document, several
25 documents in there that listed the natural work

1 WILHELMENIA TAYLOR

2 believe it's in the documents, that there was
3 alternatives offered to the customer. I'm not
4 sure about number, the D, I'm not sure about D.
5 The other ones sound familiar.

6 Q A, B and C?

7 A Yeah.

8 Q Anything other than what's listed on

9 this document that was either implemented or
10 proposed to address what I just identified as
11 problem #2?

12 A There was a long list of, there were
13 several options. If you show me -- there was a
14 document in there, pretty large document I believe
15 that talks about alternatives, payment options for
16 the Accelerated Payment Arrangement. I'm not sure
17 if they match up one-to-one. We can go over them.
18 I think they're in the pile.

19 Q Let's look at the next page. This is
20 something I asked you about when we started the
21 deposition, whether there was a tracking system
22 for Accelerated Payment Plan policies.

23 I believe this section refers to a
24 proposal that it should be somehow indicated on
25 the application whether a policy was being sold

1 WILHELMENIA TAYLOR

2 using the Accelerated Payment Plan illustration;
3 is that right?

4 MS. TAYLOR: Objection as to the term
5 "Accelerated Payment Plan" policies.

6 Q Do you see that under Solutions,

7 A Right. I just want to make sure, in
8 the original part of your question you mentioned
9 the word whether it was illustrated. The concept
10 would have been used without using an
11 illustration, just discussing.

12 Could you repeat the question again?

13 Q Was such a tracking system ever
14 implemented?

15 A Not that I am aware of.

16 Q What was the reason why a tracking
17 system was not implemented?

18 A I don't know the reason why either.

19 Q Did you receive any feedback as to
20 your solutions in this proposed strategy? I'm
21 talking about the document in general now.

22 A It's my recollection that, as part of
23 the natural work team, what we began doing was
24 focusing on the communications aspect, the ABC's
25 of Dividends, the Accelerated Payment brochure,

1 WILHELMENIA TAYLOR

2 were saying. I didn't see any documents that said
3 we had any information from the feedback from
4 customer service people.

5 Q When you said your involvement in the
6 AP process ended, when was that?

7 A I believe probably late 1994, early
8 1995.

9 Q What happened at that time?

10 A I left the department then, was
11 involved in the process end. Basically assigned
12 other duties.

13 Q Probably something I should have
14 asked you earlier.

15 Maybe at this time you can describe
16 your general background with respect to the
17 Accelerated Payment Plan or what you did at
18 Metropolitan Life that involved that?

19 A I was a part of a group that was put
20 together I believe in late 1987, early 1988 to
21 mechanize the AP eligibility once a customer
22 requested it.

23 And I continued to stay involved in
24 the whole mechanization of the whole AP process at
25 Metropolitan Life until 1994 or so, early 1995.

34

1 WILHELMENIA TAYLOR.

2 That process is documented in all the documents in
3 the reading I did before, preparing for this
4 deposition.

5 That's basically my involvement.

6 Q What does mechanization mean?

7 A As I used the term, it was a way of
8 determining if a policy was eligible to actually

9 use the Accelerated Payment Arrangement, what type
10 of communications would be sent to customers who
11 requested it who were operating on the
12 arrangement. That whole process of producing
13 letters, statements, testing for eligibility.
14 That's what I call mechanization, where someone is
15 not handling it on a case by one case,
16 case-by-case basis.

17 Q This proposed strategy document,
18 Exhibit 1, seems it goes a little bit further than
19 what you were talking before now. Was that the
20 extent of your involvement, this mechanization
21 process, or were there other things you were
22 involved with?

23 A As being part of the natural work
24 team, the natural work team, its involvement
25 included the mechanization, the communications.

37

1 WILHELMENIA TAYLOR

2 MR. BARTHOLOMAEI: It's possible it's
3 not on the list. I brought copies of this
4 document with me here today for that
5 reason.

6 MR. LABOVITZ: Okay.

7 A I don't know anything about an
8 investigation of this type.

9 Q Was any feedback received from
10 customers like you described earlier, people who
11 called the 800 number, by whatever means it was
12 that Account Representatives have been telling
13 them their policy was paid-up, quote/unquote, when
14 the Accelerated Payment Plan took over?

15 A The feedback I recall getting
16 especially on the AP natural work team was that
17 customers were using this term when describing
18 their request to be on AP. I didn't hear about
19 representatives using this term.

20 Q When you say customers were using the
21 term "paid-up", was any inquiry made from the
22 customers as to where they were getting that term
23 from?

24 A I don't know. I don't know what the
25 customer service reps actually asked them. I know

1 WILHELMENIA TAYLOR

2 in our meetings they explained to them the policy
3 wasn't paid-up if they were asking for the
4 Accelerated Payment Arrangement.

5 Certain customers when called up
6 asked about that. When they were talking about
7 the Accelerated Payment Arrangement, customer
8 service reps explained how that arrangement worked
9 rather than paid-up.

10 Q The term "paid-up", is that a term
11 used at Metropolitan Life?

12 A It's a term they use in the entire
13 insurance industry. There are policies that can
14 become paid-up.

15 Q What does paid-up mean?

16 MS. TAYLOR: Objection as to form.
17 Asked and answered.

18 A Paid-up means there are no premiums
19 due on the policy. The policy does not have any
20 premiums that must be paid because there are no
21 premiums due.

22 Q On the Accelerated Payment Plan
23 illustration we talked about earlier there is a
24 column that says "none" as far as the premium
25 outlay column. Is that "none" referring to the

39

1 WILHELMENIA TAYLOR

2 fact at that point in premiums are due?

3 A No.

4 Q What does that refer to?

5 A That's referring to the fact, with
6 respect to monies being paid out-of-pocket by the
7 customer, if dividends are sufficient, the
8 customer does not have to have a premium outlay

9 out-of-pocket. Premiums are paid in another
10 fashion using the dividends.

11 Q In those brochures we talked about
12 earlier, was it discussed that Account
13 Representatives should not use the term "paid-up",
14 rather when providing information to customers
15 with respect to their Accelerated Payment Plan
16 illustration?

17 MS. TAYLOR: Do you have the
18 documents? I think it would be helpful if
19 you showed them to her.

20 MR. BARTHOLOMAEI: I don't think I
21 do.

22 MS. TAYLOR: They were in the
23 documents you identified, the Straight Talk
24 and also the brochure. She can give her
25 best recollection, but they are long

1 WILHELMENIA TAYLOR

2 deposition and explained it depends on the
3 facts and circumstances, the issue date of
4 the policy, what activity -- I think we
5 went over this before.

6 MR. BARTHOLOMAEI: I remember and I
7 reviewed the transcript. This is the point
8 we ended on last time. I believe the last

9 question of the deposition was whether the
10 dividend scale ever went back up after 1992
11 in Metropolitan Life.

12 Q I believe you said it had not?

13 A I believe that's correct.

14 MS. TAYLOR: Went back up from what
15 year, though?

16 MR. BARTHOLOMAEI: Prior to 1992.

17 MS. TAYLOR: Whether there is an
18 increase or decrease, you have to say
19 specifically. You are saying did the scale
20 in effect in 1992, did it ever go above
21 that?

22 MR. BARTHOLOMAEI: I understand what
23 you are saying.

24 Q That Metropolitan Life never
25 increased its dividend scale after 1992? Is that

1 WILHELMENIA TAYLOR

2 right?

3 A I believe that's correct.

4 Q At some point did it become definite
5 that all policies sold prior to 1992 would not
6 perform as illustrated where an APP illustration
7 was used at the point of sale?

8 MR. LABOVITZ: Object to the form.

9 A I don't believe it became definite,
10 no. I'm not an actuarial, I don't believe it
11 became definite all policies sold prior to 1992
12 would not perform.

13 Q Were there any policies sold prior to
14 1992, the type of policy we've been talking about,
15 that would perform as illustrated?

16 MS. TAYLOR: Objection as to form.

17 A As illustrated you are saying?

18 Q Right.

19 A To the best of my recollection, yes.

20 Q How is that possible?

21 A The best example that I can give you
22 is if a policy was illustrated, let's say in the
23 early 1980s and the then current dividend scale
24 was used in the illustration and depending on what
25 the customer, if the customer did nothing else,

109

1 WILHELMENIA TAYLOR

2 A I also don't recall an amount or a
3 study.

4 Q The company give any consideration to
5 the amount it would cost to notify a whole class
6 or the entire universe of people who are on the AP
7 Arrangement?

8 MS. TAYLOR: Objection as to form.

9 A I don't recall the amount of money
10 with respect to notifying people you just
11 described.

12 Q On the second page, Mr. Rayl talks
13 about the dividend scale having been lowered in
14 1996.

15 Do you have any knowledge as to
16 whether the dividend scale was lowered in 1996?

17 A Yes, I believe the dividend scale was
18 lowered in 1996.

19 Q What about at this point in time --
20 we are now talking about the end of 1995,
21 beginning of 1996 -- was any further contact made
22 with policyholders like we talked about before
23 outside of the anniversary statements, billing
24 statements or suggestion that representatives
25 contact policyholders who were participants in the

144

1 WILHELMENIA TAYLOR

2 (RECORD IS READ)

3 MS. TAYLOR: Also a compound
4 question.

5 A I understand the last part, was there
6 a policy required. My understanding, correct, a
7 use of sales illustration in an AP sales by a rep?
8 Is that what you are asking?

9 Q Yes.

10 A I don't recall a policy that said you
11 had to use a sales illustration if you were
12 discussing AP. I don't know what a rep would do
13 or not do, but I don't recall a specific policy.

14 Q Who was it at MetLife that approved
15 the reduction to the dividend scale in the early
16 '90s?

17 A My understanding it was the Board of
18 Directors that approved the dividend scales.

19 Q Is that the same for every year?

20 A My understanding it was the Board of
21 Directors.

22 Q What about interest rate reductions?

23 MS. TAYLOR: Objection. I think it's
24 beyond the scope of this deposition. This
25 is an AP deposition and interest rates